First Report to Springfield City Council
on
Activities of the Council's
Citizens' Sales Tax Oversight Committee (CSTOC)

Prepared and presented by Richard E. Thompson, CSTOC Chair

January 10, 2011

Mayor O'Neal, Members of the Council,

Good Evening...

Thanks for this opportunity to report on the initial activities of your new Citizens' Sales Tax Oversight Committee, which we have dubbed "Cee-Stock."

As you recall, you created CSTOC in response to a need for taxpayer trust in handling of revenues from the ¾- cent Police and Firefighters' Pension Fund tax passed in November, 2009. The resolution you passed that created CSTOC also requested that the chair give a report to Council every six months. It is my honor to have been elected the committee's first chair. Jack Thurman has been elected vice-chair.

You subsequently asked CSTOC to use methods we develop to also monitor expenditures, from the taxpayer standpoint, of the 1/8-cent transportation sales tax and the ¼-cent capital improvements sales tax.

CSTOC met first July, 2010. We met monthly through November. Once we are fully oriented, up and running, we expect that quarterly meetings will suffice.

We have spent our first five meetings figuring out why we exist, exactly what it is we are to do, and how we should go about it. After all, oversight mechanisms already exist...internal and external audits, state laws and regulations...how can we truly add a new dimension to accountability in city government?

Painstakingly, we proceeded to:

- define our assignment in functional terms
- start getting educated, about city finance, about how sales taxes work, about the uses to which sales tax money is put
- deciding what information to request
- practicing interpretation of relevant financial reports, a skill second nature to some CSTOC members, but which must be gradually learned by others
- deciding on a mechanism for citizen input

In addition, Mary Mannix Decker and I went to Joplin to observe a meeting of Joplin's CSTOC to see what we could learn. Mary and I came away from the Joplin meeting thinking that we are on the right track.

Here is where we are so far...

CSTOC Role and Responsibilities: Reading Between the Lines

To define ourselves, we chose not to parse legalistic language in enabling resolutions, but rather to seek a *sense* of what we should be about. We suggest to you that you have created in CSTOC:

A focus group with an accountability function and an educational component

To further guide our thinking, we find it useful to list what we are not... We are not...

- Line authority
- An attack group
- A rubber stamp
- A gripe session
- An executive committee

- the Pension Board
- Auditors
- An investigative committee
- A political action group

Then what does that leave us to do? In simplest terms...

Voters have approved a sales tax

A "Yes" vote is based on certain expectations about what payers of the tax would get for the money

The question we are to answer is: Is that voter expectation being met or not?

This is arguably a different question than is being addressed by other oversight mechanisms.

Actually, it may be that if we have difficulty understanding our task, the reason is that the task is overwhelmingly simple. I hasten to add that *simple* and *easy* are not always synonyms!

Getting educated

At each meeting, we have heard excellent presentations by Mary Mannix Decker and Phil Broyles, primarily, about the complex details of accounting for and handling city finances and the funding of specific projects. As primary resources Mary and Phil have been seemingly eager to help us accomplish our task...as has Mr. Burris... I am sure we are adding significantly to their work load.

Deciding what information to request

A major reason for carefully defining our assignment is as a guideline for knowing how much of what kind of information to ask for.

Requested information has not been limited to financial data. For example, we asked for and spent one meeting discussing ballot language and related election materials and Council resolutions that provide the criteria against which we must measure performance in the handling of these funds... the taxpayer expectations established in these documents.

One of our most interesting agenda items, in my view, was using a detailed information request from a CSTOC member as a template for determining what information we really need and what might be of interest, but not

necessarily key to our task. In the course of this discussion we adopted the notion of "wearing the right hat"... that is, when we request info for CSTOC, we must be wearing the hat of a CSTOC member. If there is other information we are interested in as individuals then we can find and review it wearing our individual citizen hat.

At this point, CSTOC members are pleased by the responsiveness of City leaders in providing us with information that we need. For example...

- With respect to the %-cent sales tax, we are learning to review reports that allow us to track sales tax revenues returned to the city by the State through a series of accounting procedures to deposit these funds into the Police and Firefighters' Pension Fund.
- With respect to the 1/8-cent transportation tax, we are learning to interpret detailed reports including project specific information, to the extent necessary, to assure promised uses of revenues from this tax.
- Revenue from the recently passed ¼-cent capital improvements tax will first be available in 2011. Mary Mannix Decker has distributed to us a suggested report format to be used for tracking expenditures associated with this tax.

Interpreting relevant financial reports

Once we get rolling, we will repeat the same agenda over and over again. That is, in considering each report we receive, we will discuss and decide:

- Are collected sales tax revenues being placed in the correct city cost center/fund?
- Are taxpayers/voters getting the use of this money that was promised in ballot language and related election materials?
- Do we have enough of the right information to answer those questions?
- Do we have the relevant expertise around the CSTOC table to analyze this information and arrive at a valid conclusion?

So far, based upon - the initial reports we have received and the questions we have asked, the answer to all these questions is, "Yes."

- Yes, the %-cent pension fund sales tax proceeds are being deposited into the Police-Fire pension fund.
- Yes, the 1/8-cent Transportation Sale Tax proceeds are being invested in the specified transportation projects as promised.
- Yes, we are receiving the information we request promptly from City staff.
- Yes, I believe we do have the appropriate diversity and expertise on CSTOC to analyze this information and make these conclusions.

Mechanism for citizen questions, suggestions, and comments

Since a component of our primary assignment is to help assure openness in city government, CSTOC members feel it is necessary, even though not required by law, for interested citizens to have some kind of access to us.

In response to that concern, staff is building a CSTOC website and providing a mechanism whereby interested citizens can send us an email (see attached).

We hope the press will help us announce the availability of our new web site and email address. Emails will be responded to, sometimes right away if the question is a matter of information readily provided. Other questions asked by e mail may be taken to our next committee meeting for discussion and comment before responding to the questioner. Additionally, we have developed a Frequently Asked Questions list that is linked from our new web site – I hope citizens will take time to review it, since it may answer their questions.

In the coming months CSTOC members look forward to growing in our ability to meet the challenge you have put before us, and thank you again for the opportunity to serve and for this opportunity to update you on our initial activities.

Respectfully Submitted,

Richard E. Thompson CSTOC Chair